

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2460-02  
Bill No.: HB 1239  
Subject: Requires long-term care facilities and adult day care programs to employ a food services director.  
Type: Original  
Date: March 8, 2002

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**FISCAL SUMMARY**

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue	(\$291,190)	(\$208,646)	(\$208,646)
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>(\$291,190)</b>	<b>(\$208,646)</b>	<b>(\$208,646)</b>

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
<b>Total Estimated Net Effect on <u>All</u> Federal Funds*</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* Revenues and expenditures to exceed \$300,000 annually and net to \$0.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 4 pages.

**FISCAL ANALYSIS**

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### ASSUMPTION

Officials from the **Department of Health and Senior Services (DOH)** stated the provisions of this legislation can be implemented with existing staff. If the proposal were to substantially impact the DOH programs, then the DOH would request funding through the legislative process.

Officials from the **Department of Social Services - Division of Medical Services (DMS)** stated payment to nursing facilities (NFs) are based on a per diem. A per diem rate is established for each nursing home based on a cost report which reflects Medicaid allowable costs incurred by the facility. Once the rate is established it is adjusted only by trend factors or special rate increases as provided by regulation. It is assumed the DMS will adjust per diems or make additional payments to the NFs when costs are incurred by nursing facilities to meet the requirements in this proposed legislation.

The average cost for an approved dietary managers' course is \$850, the exam fee is \$185 for a total one-time cost of \$1,035. Once certification is obtained, an individual must maintain certification with continuing education. The average annual cost of maintaining certification is \$326 - \$121 re-certification fee and \$225 for classes. Information for the costs were obtained from St. Louis Community College and the Dietary Managers Association (DMA).

In FY 01 there were 510 nursing facilities enrolled in the Medicaid program.

It is assumed no NF has an individual on staff with CDM certification. The cost for this certification is : \$1,035 x 510 nursing facilities = \$527,850; \$346 x 510 facilities = \$176,460 on-going annual cost.

The total estimated cost for requiring a nursing facility to have a registered dietician as a consultant for 8 hours a month is projected to be \$711,745. This is based on a review of the nursing facilities' 1998 cost reports. The dietary component for the cost report was reviewed. Of 506 facilities, 68 facilities reported no expense and 318 facilities reported costs lower than the average cost of \$3,840 for a dietary consultant (8 hours x \$40/hour x 12 months).

The current average NF Medicaid occupancy rate is 60.59%.

No fiscal impact to the DMS is expected from the requirements for adult day health care programs.

### FISCAL IMPACT - State Government

FY 2003  
(10 Mo.)

FY 2004

FY 2005

### **GENERAL REVENUE FUND**

### Costs - Department of Social Services

HW-C:LR:OD (12/01)

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
Certification Costs	(\$123,996)	(\$41,452)	(\$41,452)
Dietician/Consultant Costs	<u>(\$167,194)</u>	<u>(\$167,194)</u>	<u>(\$167,194)</u>
Total <u>Costs</u> - Department of Social Services	(\$291,190)	(\$208,646)	(\$208,646)

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(\$291,190)</u></b>	<b><u>(\$208,646)</u></b>	<b><u>(\$208,646)</u></b>
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#### **FEDERAL FUNDS**

<u>Income - Department of Social Services</u>			
Medicaid Reimbursements	\$459,881	\$329,517	\$329,517

<u>Costs - Department of Social Services</u>			
Medicaid Reimbursements - Certification Costs	(\$195,829)	(\$65,465)	(\$65,465)
Medicaid Reimbursements - Dietician/Consultant Costs	<u>(\$264,052)</u>	<u>(\$264,052)</u>	<u>(\$264,052)</u>
Total <u>Costs</u> - Department of Social Services	<u>(\$459,881)</u>	<u>(\$329,517)</u>	<u>(\$329,517)</u>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

#### FISCAL IMPACT - Small Business

The proposed legislation could negatively impact small business long-term care facilities that do not currently employ a food services director. These businesses will be required to employ, at a minimum, a registered dietician for eight hours of dietary consultation in the facility each month. The potential cost to small businesses is unknown.

#### DESCRIPTION

This bill requires certain facilities and all adult day care programs that are licensed by the Division of Aging and that provide food services to employ a food services director who is: (1) Certified in food safety by an accredited program; (2) A certified dietary manager (CDM); and

(3) A certified food protection professional (CFPP).

The bill also requires all long-term care facilities licensed by the division to employ a registered dietician on a consulting basis for a minimum of eight hours per month of dietary consultation in the facility.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

#### SOURCES OF INFORMATION

Department of Health and Senior Services  
Department of Social Services

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Acting Director  
March 8, 2002